

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
KENTUCKY WATER SERVICE COMPANY, INC.) CASE NO. 9835

O R D E R

On January 8, 1987, Kentucky Water Service, Inc., ("Kentucky Water") filed its application with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to 807 KAR 5:067, Purchased Water Adjustment for Privately-Owned Utilities.

The Commission, having reviewed the evidence of record and being advised, is of the opinion and finds that:

1. Kentucky Water purchases water for its Middlesboro, Kentucky, customers from Fern Lake Company ("Fern Lake").

2. Pursuant to an Order of the Commission in Case No. 7982, Notice of Application of Fern Lake Company, dated December 17, 1986, Fern Lake increased its rates for wholesale water as follows:

	<u>Base Rate</u>	<u>Changed Rate</u>
First 41,667,000 gal.	\$5,325.00 Min.	\$7,100.00 Min.
Over 41,667,000 gal.	.14/1,000 gal.	.18/1,000 gal.

3. There was no change in the additional monthly surcharge amount of \$18,700, which became effective with the February 1, 1984, billing to Kentucky Water and which is designated for the purpose of amortizing a loan obtained by Fern Lake for dam repairs.

4. Kentucky Water purchased 536,748,000 gallons of water for its Middlesboro customers and sold 453,089,000 gallons during the 12-month period ending November 30, 1986.

5. The total allowable increase in purchased water costs is \$22,817, resulting in a purchased water adjustment of \$.05 per 1,000 gallons of water.

6. The Commission's Order in Case No. 8370-A (Kentucky Water Service Company, Inc., Purchased Water Surcharge and Rate Adjustment dated January 26, 1984), allowed an \$18,700 monthly surcharge in addition to Kentucky Water's regular rates to its customers for the purpose of recovering an increase in purchased water costs specifically related to a surcharge imposed by its supplier, as described in Finding No. 4 herein. Based on water sales for the 12-month period ending October 31, 1983, a surcharge amount of \$.5643 per 1,000 gallons was to be added to customer bills by Kentucky Water in order to recover the \$18,700 monthly amount. Kentucky Water was further ordered to review the surcharge and revenues at the end of each 12-month period and make appropriate filings with the Commission for adjustments as necessary. To date, Kentucky Water has made no filings with regard to such adjustments.

7. Based on the 12-month test period herein, the surcharge amount should be adjusted to \$.4953 per 1,000 gallons.¹

¹ \$18,700 x 12 = \$224,400 Annual Fern Lake surcharge
\$224,440 ÷ 453,089 m gallons sold = \$.4953 Kentucky Water surcharge amount.

8. The tariff filed by Kentucky Water is incorrect in that it failed to adjust the monthly minimum bills for meters larger than 5/8-inch or 3/4-inch and made no adjustments to the surcharge amount.

9. The rates and surcharge in Appendix A are fair, just and reasonable and should be approved.


IT IS THEREFORE ORDERED that:

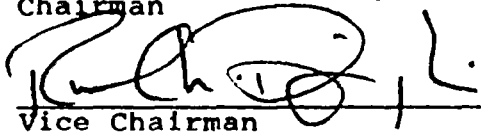
1. The rates and surcharge in Appendix A be and they hereby are approved for services rendered to customers in the Middlesboro service area on and after the date of this Order.

2. Within 30 days of the date of this Order, Kentucky Water shall file its revised tariff sheets setting out the rates and the surcharge approved herein.

Done at Frankfort, Kentucky, this 3rd day of February, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9835 DATED 2/3/87

The following rates and charges are prescribed for the customers of Kentucky Water Service in Middlesboro, Kentucky, and vicinity. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

<u>Usage Blocks</u>	<u>Monthly Rate</u>
First 1,000 gallons	\$5.20 Minimum
Next 9,000 gallons	2.05 per 1,000 gallons
Next 15,000 gallons	1.95 per 1,000 gallons
Next 25,000 gallons	1.80 per 1,000 gallons
Next 50,000 gallons	1.65 per 1,000 gallons
Over 100,000 gallons	1.50 per 1,000 gallons

Minimum Monthly Bills

<u>Meter Size</u>	<u>Minimum Usage</u>	<u>Minimum Bill</u>
5/8 inch or 3/4 inch	1,000 gallons	\$ 5.20
1 inch or 1 1/4 inch	6,000 gallons	15.45
1 1/2 inch	13,000 gallons	29.50
2 inch	21,400 gallons	45.88
3 inch	68,400 gallons	128.26
4 inch	127,500 gallons	221.65
6 inch	281,500 gallons	452.65
Surcharge	\$.4953 per 1,000 gallons.	